



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	SB0022	Title:	Allow expansion of CHIP eligibility up to 175% of federal poverty level
Primary Sponsor:	Weinberg, Dan	Status:	As Amended in Senate Committee

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$877,725	\$934,920	\$989,861	\$1,048,115
Federal Special Revenue	\$3,124,667	\$3,293,573	\$3,487,123	\$3,692,342
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>(\$877,725)</u>	<u>(\$934,920)</u>	<u>(\$989,861)</u>	<u>(\$1,048,115)</u>

Description of fiscal impact:

This bill changes the Children Health Insurance Program (CHIP) eligibility from up to 150 percent to up to 175 percent of the Federal Poverty Level (FPL), potentially increasing the enrollment in the program if adequate state and federal funding is available.

FISCAL ANALYSIS

Assumptions:

Department of Public Health and Human Services

1. CHIP eligibility will be increased to up to 175 percent of the federal poverty level (FPL).
2. The current CHIP federal funding level will remain constant with no increase due to this bill or from a reauthorization of the CHIP federal legislation.
3. The 2006 estimated number of uninsured Montana children estimated by the University of Montana Bureau of Business and Economic Research is that there are 3,000 uninsured children between 151 percent and 175 percent who would be eligible. Of that figure, it is estimated that 70 percent would enroll in CHIP (3,000 X 70% = 2,100 new enrollees).
4. The state funding for the increased enrollment would come from the general fund.

5. The Federal Medical Assistance Percentage (FMAP) is based on the following:
 - a. Fiscal Year 2008 is 21.93% state/78.07% federal
 - b. Fiscal Year 2009 through 2011 is 22.11% state/77.89% federal .
6. DPHHS will hire 2.00 FTE, pay band 03 Eligibility Assistants for program eligibility determinations. It is estimated that the personal services will cost \$78,548 in FY 2008, \$78,548 in FY 2009, an increase of 2.5 percent in FY 2010 \$80,512, and an increase of 2.5 percent in FY 2011 \$82,525.
7. Operations are affected by the hire of 2.00 FTE resulting in an increase of \$8,394 in FY2008 (office package \$1,375, and PC, \$1,400, and annual operating costs of \$1,422 times 2), in FY 2009 \$2,844, an increase of 2.5 percent in FY 2010, \$2,916, and an increase of 2.5 percent in FY 2011, \$2,988.
8. Expenditures are affected due to the Third Party Administrative Fee (TPA) per the following table:

TPA Schedule	Rate per Enrollee per month	FY 2008	FY 2009	FY 2010	FY 2011
July 2007-Sept 2007	\$5.00	\$31,500			
Oct 2007-June 2008	\$5.20	\$98,280			
July 2008-Sept 2008	\$5.20		\$32,760		
Oct 2008-June 2009	\$5.43		\$102,627		
July 2009-Sept 2009	\$5.43			\$34,209	
Oct 2009-June 2010	\$5.70			\$107,730	
July 2010-Sept 2010	\$5.70				\$35,910
Oct 2010-June 2011	\$5.99				\$113,210
		\$129,780	\$135,387	\$141,939	\$149,120

9. The Benefits expenditures are affected due to the claims cost increase for the new enrollees and claims expenditures for dental, vision pharmacy and medical per the following table:

Claims rate Schedule	Rate per Enrollee per month	FY 2008	FY 2009	FY 2010	FY 2011
July 2007-Sept 2007	\$143.79	\$905,877			
Oct 2007-June 2008	\$152.37	\$2,879,793			
July 2008-Sept 2008	\$152.37		\$959,931		
Oct 2008-June 2009	\$161.47		\$3,051,783		
July 2009-Sept 2009	\$161.47			\$1,017,261	
Oct 2009-June 2010	\$171.14			\$3,234,357	
July 2010-Sept 2010	\$171.14				\$1,078,120
Oct 2010-June 2011	\$181.37				\$3,427,704
		\$3,785,670	\$4,011,714	\$4,251,618	\$4,505,824

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
FTE	2.00	2.00	2.00	2.00
<u>Expenditures:</u>				
Personal Services	\$78,548	\$78,548	\$80,512	\$82,525
Operating Expenses	\$138,174	\$138,231	\$144,854	\$152,108
Benefits	\$3,785,670	\$4,011,714	\$4,251,618	\$4,505,824
TOTAL Expenditures	<u>\$4,002,392</u>	<u>\$4,228,493</u>	<u>\$4,476,984</u>	<u>\$4,740,457</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$877,725	\$934,920	\$989,861	\$1,048,115
Federal Special Revenue (03)	\$3,124,667	\$3,293,573	\$3,487,123	\$3,692,342
TOTAL Funding of Exp.	<u>\$4,002,392</u>	<u>\$4,228,493</u>	<u>\$4,476,984</u>	<u>\$4,740,457</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$877,725)	(\$934,920)	(\$989,861)	(\$1,048,115)
Federal Special Revenue (03)	(\$3,124,667)	(\$3,293,573)	(\$3,487,123)	(\$3,692,342)

Technical Notes:

1. The Federal Administrative Cap of 10 percent would not be exceeded with the 175 percent of the FPL.
2. It is assumed that 53-4-1004, section 4, refers to the sufficient available funds of both general and federal funds.
3. The CHIP program is scheduled for federal re-authorization during federal fiscal year 2007, it is not known at this time what the grant allocations will be to each state.
4. The current federal grant allocation is not sufficient to sustain current CHIP enrollment and expenses beyond federal fiscal year 2009.
5. Without an appropriation in HB 2 or in another bill, DPHHS would not be mandated to incur this cost or increase to this eligibility level. Statute states that the department “may lower the percentage of the federal poverty level established in subsection (1)(b) in order to reduce the number of persons who may be eligible to participate or may limit the amount, scope, or duration of specific services provided”.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date